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DEPARTMENT OF STATE
WASHINGTON

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September 29, 1977

MEMORANDUM FOR: THE PRESIDENT

From: Warren Christopher, Acting *WC*

Good
Tongsun Park. When Cy met this morning with the Korean Foreign Minister, they agreed that the Koreans would soon receive Justice Department officials to discuss with Korean Justice officials the terms and conditions under which we could interrogate Tongsun Park. This is a limited but significant step forward. The Koreans wanted us to agree to drop both the indictment and our request that Park return to the U.S., but Cy made clear that this was not possible. The Korean Foreign Minister was also told that we would be submitting the compensatory package to Congress at the appropriate time, after close consultations with the leadership. We expect Justice and the Koreans will separately announce the trip to Seoul tomorrow.

Good
Hungary. In keeping with the terms of your decision regarding the return of the Crown of St. Stephen, Cy plans to discuss the matter with Foreign Minister Puja on Saturday. Puja will be asked to confirm the assurances already given to Ambassador Kaiser and Billy Graham that the Crown will be maintained on continuing public display, that it will be received with honor in a public ceremony, and that the Cardinal will be an active participant in the ceremony. Once these assurances are confirmed by Puja, we will begin discussions with the Hungarians on the details of the return.

Department of State, A/GIS/IPS/SRP

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China. Cy hosted a dinner for Chinese Foreign Minister Huang Hua last night. Huang expressed regret that a prior commitment to visit Canada would prevent his meeting with you in New York. The dinner conversation, especially Huang's response to Cy's comment that we are studying his normalization proposals carefully but are not yet ready to reply, suggested that the Chinese understand our present situation and are not upset with the prospect of a limited delay in movement. Huang delivered a message from Chairman Hua to you, which stressed that normalization was not a diplomatic issue so much as a political issue. Cy told him that we would be back in touch with him through Leonard Woodcock on normalization.

In their discussion of global issues, Cy felt that Huang was somewhat more forthcoming on Chinese activity than he had been in Peking in August--especially in regard to East Africa, where he outlined a few things that the PRC was doing. He also seemed less critical of our Middle East policy than he had been a month ago.

Good

Indian Ocean Talks. It seems clear the Soviets have accepted the General Declaration framework for Indian Ocean arms control that you approved and we proposed Monday. They appear satisfied with our suggestion that we commit ourselves in the Declaration to prompt negotiations on reductions in a second stage. On stabilization, they are trying to broaden the definition of the area, seeking to commit us to greater restrictions on our activities, probing our intentions with respect to Diego Garcia, and trying to find ways to get us to take our allies and bases in adjacent areas into account. But they have done this in a non-combative manner, leaving the door open for concessions by them. They have questioned us closely on our indirect assurances on strategic systems, and Ambassador Mendelevich said today they "appreciate" our effort to meet them on this point and will report fully when they return to Moscow. This round of the talks will end Saturday morning.

Law of the Sea. Elliot Richardson and I met with Norwegian Minister Evensen to discuss prospects for

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getting back to a negotiating base that holds promise for concluding a comprehensive treaty. I made clear our strong dissatisfaction with the outcome of the last LOS negotiating session and our unwillingness to proceed unless an acceptable basis for dealing with the deep seabed mining issue can be found. Evensen, who has been a friend and a constructive force in the negotiations, is seeking new formulas and wishes to explore them in an informal small meeting in November, with the results to be reported directly to the President of the Conference. We have agreed to participate in that meeting.

SALT Unilateral Statement. Attached is the text of the proposed concurrent resolution worked out between Senators Church, Cranston and Jackson, as referred to in last night's report. As indicated, Cy told Church that we would have no objection.

Human Rights. The Interagency Group on Human Rights and Foreign Assistance yesterday considered five large Inter-American Development Bank (IDB) loans to Argentina. It was the consensus of the Group that in view of the Argentine Government's very poor human rights record, we would recommend voting against four of the five loans. (Since we do not have veto power over these particular loans, and since other nations are not likely to join us in opposing the loans, they will probably be approved.) However, because the Group considers it important to send some signal of support for General Videla, we agreed to recommend approval of an \$83 million loan for a potable water project which will benefit the needy.

The Group also considered a proposed IDB loan and several proposed AID projects for Nicaragua. There has been a significant development in the human rights picture in Nicaragua with the lifting of the state of seige on September 19. Some positive changes--such as a return of vigorous press criticism of the regime--have already occurred. On the other hand, disturbing reports of serious human rights violations in Nicaragua continue to reach us. In view of this mixed picture, it was the consensus of the Group that we should approve three small AID grants that would benefit the needy,

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but defer consideration of two large AID loans and seek to postpone consideration of the IDB loan until we have a clearer picture of the trend.

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Finally, the Group considered two IDB regional loans--one to a group consisting of Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay; the other, to a group consisting of Bolivia, Chile and Peru. While each group contains countries with poor human rights records, the loans in question (both for agricultural research) would help meet basic human needs. For this reason, it was the consensus of the Group that we should recommend approval of the loans.

Rhodesia. The UK resolution authorizing the Security Council to appoint a representative to join in military talks with Smith's military and the parties passed the Council with the Soviets abstaining and the Chinese not participating. There was only one amendment, by Libya, calling on the Secretary General to consult the Council in appointing his representative. The Soviets, Chinese, and Libyans expressed their reservations about the UN plan and the proposal for talks, and we expect the Soviets in particular to continue to make trouble behind the scenes.

Attachment.

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Evening Reports (State), 9/77